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MEMORANDUM FOR THE RECORD

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SUBJECT: Concurrency in Letter Contract No. OS-100 with Hycon Mfg.
 Company - Project [redacted] (AQUATONE)

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1. Letter Contract No. OS-100 provides for the services overseas of Contractor personnel trained under Contract No. FS-99 by the Hycon Mfg. Co. - Project [redacted]. Such personnel consists of field engineers, film processors, and similar camera operations and maintenance personnel and related supervisory personnel.

2. Recruitment and Training of the above mentioned personnel has been proceeding under Contract No. FS-99. Training thereunder has been completed for Detachment "A" personnel and will continue for Detachment "B" and "C" personnel under FS-99 through most of calendar year 1956. Since Detachment "A" is scheduled for deployment overseas on or about 1 May 1956, a separate contractual arrangement is now in order for operational services of the resultant trained camera and associated personnel being provided by the Hycon Mfg. Company.

3. Letter Contract No. OS-100 is a fiscal year services type contract covering the period 1 April 1956 through 30 June 1956. It makes provision for renewal at the Government's option for fiscal years 1957 and 1958 with funds from the appropriate fiscal year. It is expected that a Definitive Contract to replace this Letter Contract can be negotiated by 15 June 1956. Pending negotiation of the final contract terms certain tentative salary rates, burdens and costs have been agreed upon for billing purposes. Fiscal arrangements visualize a fixed man-month rate to the Government for each category of labor involved with provision for defraying certain other direct but non-repetitive costs which are anticipated hereunder.

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4. Project [redacted] the Hycon Training Program, obligated \$134,200 of FY-1955 funds and \$26,900 of FY-1956 funds under contract No. FS-99. An additional \$212,925 of FY-1956 funds will be required to be obligated under Contract No. FS-99 since the number of persons to be trained under this program has increased from a basic crew of five camera personnel per detachment to nine camera personnel per detachment. Project [redacted] the Hycon Operational Service Program, obligates \$45,000 of FY-1956 funds under Letter Contract No. OS-100 for the balance of fiscal year 1956. Fiscal year 1957 funds will be required to continue Contract No. OS-100 for one year after 30 June 1956. It is estimated that some \$490,000 will be required in fiscal year 1957 to fund [redacted] to defray operational costs overseas of Detachments "A," "B" and "C." These costs refer only to the Hycon Mfg. Company furnished personnel costs and do not include costs of training or operational services for personnel being furnished by other suppliers.

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5. It is recommended that the Director of Central Intelligence approve the signature of Letter Contract No. OS-100 by the Authorized Contracting Officer for Project AQUATONE.

SIGNED

RICHARD M. NISSELL, JR.
Project Director

CONCURRENCE:

ILLEGIB

General Counsel

ILLEGIB

Project Comptroller

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Approval requested in paragraph 5,
above, granted.

GFK:lms (7 May 1956)

ALLEN W. DULLES
Director of Central Intelligence

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